



**STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES**

Medicaid Purchasing Administration
626 8th Avenue, S.E. • P.O. Box 45502
Olympia, Washington 98504-5502

December 17, 2010

TO: Health Care Authority and Medicaid Purchasing Administration Stakeholders

FROM: Doug Porter, HCA Administrator and State Medicaid Director

SUBJECT: Governor's Supplemental Budget Recommendations for Medicaid

In a grim budget year, Medicaid received some good news on Friday, December 17. Governor Gregoire announced she was restoring six of the most painful proposed budget cuts in the Medicaid program, and she made it clear she is asking the Legislature to restore three more in July 2011.

The six budget cuts that were restored were:

- Adult (age 21 and older) pharmacy benefits will not be suspended on March 1, 2011.
- The Take Charge family planning program will not end on March 1, 2011.
- Adult physical, occupational and speech therapies will not end on January 1, 2011.
- The adult hospice benefit will not end on January 1, 2011.
- The State Alien Medical (AM) program will not end on January 1, 2011.
- The First Steps/Maternity Support Services program will not end on March 1, but the program will be retooled to match a 50 percent cut in funding.

In addition, Governor Gregoire made it clear she is recommending that the Legislature restore the Adult Hearing and Adult Vision benefits in July, when the new biennium begins. She also asked legislators to restore the Adult Dental benefit in July for aged, blind and disabled populations and pregnant women.

Medical assistance programs that still will be cut include:

- The Children's Health Program –with an enrollment of 27,000 children – will end on March 1, 2011.
- Adult Dental will end on January 1, 2011, for most adult clients. The exception will be clients with developmental disabilities.
- Many foot care (podiatry) services will end on January 1, 2011. Foot care that will continue will be treatments necessary for acute conditions.
- The state will no longer pick up the cost of small prescription co-pays for dual eligible clients with Medicare Part D.

- Medicaid's participation in school-based medical services (primarily physical, occupational and speech therapy) will end on January 1, 2011. Those services are expected to continue but be funded by school districts.
- Adult vision will no longer provide eyeglass frames, lenses and contacts after January 1, 2011.
- Adult hearing will no longer provide hearing aids, other equipment or repairs after January 1, 2011.
- The Interpreter Services program is scheduled to end on March 1.
- The medical coverage and cash grants for clients of the Disability Lifeline program, formerly known as the General Assistance-Unemployable, are now scheduled to end on March 1.

All of the cuts listed above were proposed by the Medicaid program as a consequence of Executive Order 10-04, which was issued on September 13, 2010, and authorized by RCW 43.88110(7).

It is important to note that the Legislature has the authority to ignore the Governor's recommendations or to change them; however, we expect the budget cuts listed as starting on January 1, 2011, to go into effect as listed. Other cuts, including the Governor's recommendation to end Disability Lifeline, the Basic Health plan, the Children's Health Program may be easier for legislators to change given their delayed effective dates.

The pharmacy cut, which would have required Medicaid to stop paying for adult clients' prescription medicine, was heavily opposed by providers, stakeholders and clients, as well as the Medicaid program. It would have been unprecedented and extremely risky for some of the most vulnerable clients whose medicines are literally life-preserving.

There also was harsh criticism of cutting the Take Charge family planning benefit, which enjoys a 90-10 federal-state match, as well as the physical, occupational and speech therapies, adult dental, vision and hearing services.

What happens next? Our budget staff will begin the task of analyzing the Governor's full budget recommendations today and next week, and additional implementation details will be posted on our budget website beginning today: <http://hrsa.dshs.wa.gov/News/Budget.htm>.

Providers also are encouraged to subscribe to the Medicaid provider listserv in order to receive new billing instructions and provider memos for the cuts that go into effect January 1, 2011. You can subscribe by visiting the site at <https://fortress.wa.gov/dshs/hrsalistsrvsignup/>.

As I said earlier this week after the Governor unveiled her Biennial Budget recommendations, thank you for your help and past support of the Medicaid program and the Health Care Authority. We will need your help even more in the months to come.